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LFG Investment Holdings Limited
LFG 投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3938)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board (the "**Board**") of directors (the "**Directors**") of LFG Investment Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020 together with the comparative figures for the year ended 31 March 2019 as set out below:

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Revenue	**105,679**	118,437
Profit before income tax expenses	**22,172**	60,118
Profit and total comprehensive income for the year	**14,150**	49,014
Adjusted profit and total comprehensive income for the year under non-HKFRS measures*	**30,221**	51,814
Basic and diluted earnings per share	**3.9 HK cents**	14.9 HK cents

	As at 31 March	
	2020	2019
	HK$'000	*HK$'000*
Net assets	**174,633**	58,829
Total assets	**347,581**	106,728

* The Company's management believes that the non-HKFRS financial measures provide shareholders and investors with useful supplementary information to assess the performance of the Group's core operations by eliminating impacts of items that the management of the Group does not consider indicative of the Group's operating performance. However, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. Shareholders and investors should not view the adjusted results on a stand-alone basis or as a substitute for results under HKFRS.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

		Year ended 31 March	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*		
Corporate finance advisory services		**86,260**	91,596
Securities and underwriting services		**17,289**	26,545
Interest income from margin financing services		**2,091**	296
Asset management services		**39**	–
Total revenue		**105,679**	118,437
Other income and gains or losses, net	*4*	**522**	286
Staff costs		**(47,567)**	(40,585)
Administrative and other expenses		**(33,162)**	(17,927)
Expected credit loss on accounts receivable		**(2,361)**	(93)
Finance costs	*6*	**(939)**	–
Profit before income tax expenses	*5*	**22,172**	60,118
Income tax expenses	*7*	**(8,022)**	(11,104)
Profit and total comprehensive income for the year		**14,150**	49,014
Profit and total comprehensive income attributable to:			
Owners of the Company		**14,150**	49,014
Earnings per share:	*9*		
Basic and diluted earnings per share		**3.9 HK cents**	14.9 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

		As at 31 March	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**1,511**	2,158
Intangible asset		**500**	500
Deposits paid		**1,231**	205
Right-of-use assets		**8,518**	–
		11,760	2,863
Current assets			
Financial assets at fair value through profit or loss		**50,721**	7,800
Accounts receivable	*10*	**132,923**	22,324
Other receivables, deposits and prepayments		**1,692**	2,654
Cash and bank balances — held on behalf of customers		**22,624**	18,901
Cash and bank balances		**127,861**	52,186
		335,821	103,865
Current liabilities			
Accounts payable	*11*	**43,796**	19,984
Accruals and other payables		**86,630**	8,284
Other financial liabilities		**18,716**	8,426
Lease liabilities		**6,478**	–
Deferred revenue	*3*	**8,509**	9,255
Tax payables		**6,534**	1,950
		170,663	47,899
Net current assets		**165,158**	55,966
Total assets less current liabilities		**176,918**	58,829
Non-current liabilities			
Lease liabilities		**2,285**	–
Net assets		**174,633**	58,829
Equity			
Share capital		**4,060**	398
Share premium		**110,371**	–
Reserves		**60,202**	58,431
Total equity		**174,633**	58,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

LFG Investment Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2018 under the Companies Law, Cap. 22 of the Cayman Islands. Its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 September 2019 (the "**Listing Date**"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 1601, 16th Floor, China Building, 29 Queen's Road Central, Hong Kong.

The Company is an investment holding company and, together with its subsidiaries (the "**Group**"), are principally engaged in corporate finance advisory services, securities and financing services and asset management services.

In connection with the listing of the shares of the Company on the Main Board of the Stock Exchange (the "**Listing**"), the Company underwent a reorganisation (the "**Reorganisation**") and has become the holding company of its subsidiaries now comprising the Group since 28 May 2019 by way of share swaps.

Details of the Reorganisation are set out in the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 17 September 2019.

Prior to and after the Reorganisation, the Group's business was carried out by Lego Financial Group Investment Holdings Limited ("**Lego Investment Holdings**") and its subsidiaries which were under control of and beneficially owned by Mr. Mui Ho Cheung Gary ("**Mr. Mui**"), Mr. Liu Chi Wai ("**Mr. Liu**"), Mr. Ng Siu Hin Stanley ("**Mr. Ng**"), Ms. Ho Sze Man Kristie ("**Ms. Ho**"), Ms. Lau Pui Yu ("**Ms. Lau**") and Lego Financial Group Limited ("**LFGL**"), the ultimate controlling shareholders of the Group (the "**Controlling Shareholders**"). As part of the Reorganisation, the Company was incorporated and interspersed between Lego Investment Holdings and the Controlling Shareholders. Each of the Company and Lego Investment Holdings has not been involved in any businesses prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Group and has no substance and does not form a business combination.

In the opinion of the directors, the Company's ultimate parent is LFGL, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong Dollars ("**HK$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("**HK$'000**") unless otherwise stated.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs — effective 1 April 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs

The impact of the adoption of HKFRS 16 Leases ("**HKFRS 16**") has been summarised in below. The other new or amended HKFRSs those are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

A. HKFRS 16 — Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease ("**HK(IFRIC)-Int 4**"), HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use asset and a lease liability, with the narrow exception to this principle being for leases which the underlying assets are of low-value or are determined as short-term leases.

From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach of adoption with the initial application of 1 April 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows (increase/(decrease)):

	HK$'000
Consolidated statement of financial position as at 1 April 2019	
Right-of-use assets	14,878
Lease liabilities (non-current)	8,763
Lease liabilities (current)	6,115

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as at 31 March 2019	16,302
Less: leases of low-value assets	(339)
Less: future interest expenses	(1,085)
Total lease liabilities as at 1 April 2019	14,878

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 3%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified assets; and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use asset applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group did not hold any leasehold land and buildings for rental or capital appreciation purpose or for own use. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. The Group has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset. As a result, a right-of-use asset arising from a property under tenancy agreement is carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(v) Accounting as a lessor

As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

(vi) Transition

As mentioned above, the Group has applied HKFRS 16 by using the modified retrospective approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 April 2019.There were no onerous lease contracts that would have required a significant adjustment to the right-of-use assets at the date of initial application on 1 April 2019. The comparative information is not restated and continued to be reported under HKAS 17 and the related interpretations as allowed by the transition provision of HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases under HKAS 17 and measured the lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has recognised the right-of-use assets at 1 April 2019 for leases previously classified as operating leases under HKAS 17 and measured the right-of-use assets them at an amount equals to the lease liabilities, and adjusted by the following amount of any prepaid or accrued lease payments. For all these right-of-use assets, the Group has applied HKAS 36 "Impairment of Assets" at 1 April 2019 to assess if there was any impairment as at that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months from the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) excluded the initial direct costs from the measurement of the right-of-use asset at 1 April 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group from external customers.

Information reported to the executive directors, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

The CODM considers the businesses of the Group as a whole is engaged in corporate finance advisory services. Therefore the management of the Group considers that the Group only has one single operating segment. As no discrete financial information is available for identifying operating segments among different services, no further analysis of segment information is presented.

(a) Disaggregation of revenue from contracts with customers

The Group's revenue recognised during the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
By major services type:		
Corporate finance advisory services		
Sponsor fee income	**37,839**	38,542
Advisory fee income		
— financial and independent financial advisory	**39,511**	43,102
— compliance advisory	**8,910**	9,952
	86,260	91,596
Securities and underwriting services	**17,289**	26,545
Interest income from margin financing services	**2,091**	296
Asset management services	**39**	–
Total	**105,679**	118,437

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Corporate finance advisory services	**86,260**	91,596
Securities and underwriting services	**17,289**	26,545
Asset management services	**39**	–
	103,588	118,141
Revenue from other sources:		
Interest income from margin financing services	**2,091**	296
	105,679	118,437

	2020	2019
	HK$'000	*HK$'000*
Timing of revenue recognition from contracts with customers		
Services transferred at a point in time	**17,289**	28,841
Services transferred over time	**86,299**	89,300
	103,588	118,141

(b) Contract balances

The following table provides information about accounts receivable and contract liabilities from contracts with customers at the end of the year:

	2020	2019
	HK$'000	*HK$'000*
Accounts receivable *(note 10)*	**132,923**	22,324
Deferred revenue	**8,509**	9,255

Movements in deferred revenue

	2020	2019
	HK$'000	*HK$'000*
Balance as at beginning of the year	**9,255**	4,775
Decrease in deferred revenue as a result of recognising revenue during the year that was included in the deferred revenue at the beginning of the year	**(7,430)**	(3,910)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	**6,684**	8,390
Balance as at end of the year	**8,509**	9,255

Sponsor fee income is generally received in advance prior to the beginning of each project and is initially recorded as deferred revenue in the consolidated statement of financial position. The portion of income received from customers but not yet earned is recorded as deferred revenue in the consolidated statement of financial position and be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from each reporting date.

The deferred revenue mainly relates to the advance consideration received from customers. Approximately HK$7,430,000 and HK$3,910,000 of deferred revenue as of 1 April 2019 and 2018 had been recognised as revenue for the years ended 31 March 2020 and 2019.

(c) Transaction price allocated to the remaining performance obligations

As at 31 March 2020 and 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are approximately HK$62,390,000 and HK$92,326,000 respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 6 to 24 months.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong.

Information about major customers

During the years ended 31 March 2020 and 2019, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A [1]	–	16,601
Customer B [2]	–	15,369

Note 1: Revenue from corporate finance advisory services for the year ended 31 March 2019.

Note 2: Revenue from underwriting services and corporate finance advisory services for the year ended 31 March 2019.

4. OTHER INCOME AND GAINS OR LOSSES, NET

	2020 *HK$'000*	2019 *HK$'000*
Interest income	**2,133**	18
Dividend income	**1,428**	–
Exchange loss, net	**(16)**	–
Net change in financial assets at fair value through profit or loss	**(3,644)**	–
(Loss)/gain on disposal of property, plant and equipment	**(1)**	207
Share of results of consolidated investment fund attributable to other redeemable shareholders	**576**	–
Other income	**46**	61
	522	286

5. PROFIT BEFORE INCOME TAX EXPENSES

The Group's profit before income tax expenses is arrived at after charging:

	2020 *HK$'000*	2019 *HK$'000*
Auditor's remuneration	**1,113**	135
Depreciation of		
— property, plant and equipment	**1,398**	1,458
— right-of-use assets	**6,360**	–
Listing expenses	**8,011**	2,070
Bad debt expenses	**18**	–
Expected credit loss on accounts receivable	**2,361**	93
Low value assets lease expenses	**103**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	6,908
Staff costs (including directors' remuneration):		
— Salaries, allowances and other benefits	**41,812**	39,159
— Equity settled share-based payment expenses	**4,992**	730
— Contributions to retirement benefits schemes	**763**	696
Total staff costs	**47,567**	40,585

6. FINANCE COSTS

The Group's finance costs recognised as follows:

	2020 *HK$'000*	2019 *HK$'000*
Interest on margin financing	**239**	–
Interest on lease liabilities	**700**	–
	939	–

7. INCOME TAX EXPENSES

	2020	2019
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
— Charge for the year	**8,033**	11,011
— (Over)/under-provision in respect of prior years	**(31)**	93
	8,002	11,104
Withholding tax on dividend income	**20**	–
Income tax expenses	**8,022**	11,104

Hong Kong profits tax was provided at a rate of 16.5% on the estimated assessable profits for the years ended 31 March 2020 and 2019, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK$2 million are taxed at 16.5%.

Dividend income received from listed equity investments in the United States is subject to withholding tax imposed in the country of origin. During the year ended 31 March 2020, the withholding tax rate was ranged from 21% to 30%.

8. DIVIDENDS

On 10 September 2019, the Company declared a dividend of HK$6,000,000, which was fully paid by its internal resources before the Listing.

On 21 November 2019, the Company had further declared the payment of an interim dividend of HK$0.025 per share with total amount of approximately HK$10,147,000 for the six months ended 30 September 2019 to its shareholders whose names appear on the Company's register of members on 12 December 2019. The interim dividend was fully paid in December 2019.

On 24 June 2020, the board of directors of the Company resolved to propose a final dividend for the year ended 31 March 2020 of HK$0.049 per share, amounting to a total dividend of not less than HK$19,892,000. Such dividend is subject to the approval by the shareholders of the Company at the annual general meeting to be held on 10 August 2020. The proposed final dividend is not reflected as a dividend payable in the consolidated financial statements.

Dividend declared/paid by the Group's entities before the Listing

Dividend of approximately HK$24,600,000 for the year ended 31 March 2019 was declared by Lego Investment Holdings to its then equity shareholders on 19 September 2018.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**14,150**	49,014

	2020	2019
Weighted average number of ordinary shares in issue	**367,178,523**	328,000,000
Effect of dilutive potential ordinary shares:		
— Share options *(notes (ii) and (iii))*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**367,178,523**	328,000,000

Notes:

(i) For the year ended 31 March 2020, the calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$14,150,000, and the weighted average number of ordinary shares in issue upon the subsequent listing of the Company and participating equity instruments resulting to new shares issued due to the exercises of share options during the year.

For the year ended 31 March 2019, the calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$49,014,000 and on the basis of 328,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and the capitalisation issue as if these shares issued under the Reorganisation had been issued on 1 April 2019 but excluding any shares issued pursuant to the share offer.

(ii) The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under the pre-IPO share option scheme and assuming the exercise is made at no consideration at the beginning of the year.

(iii) No share option was granted during the year ended 31 March 2020. On 6 March 2019, the Company granted 33,041,054 share options to the directors and employees of the Group. The Company's share options outstanding as at 31 March 2020 had no dilutive effect to the earnings per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares during the year ended 31 March 2020.

10. ACCOUNTS RECEIVABLE

	2020	2019
	HK$'000	*HK$'000*
Accounts receivable arising from		
— Securities financing services from margin client *(note (i))*	**96,689**	1,714
— Securities dealing and brokerage services from the clearing house *(note (ii))*	**2,266**	24
— Securities dealing and brokerage services from cash client *(note (iii))*	**1,633**	198
— Corporate advisory and other services *(note (iv))*	**32,335**	20,388
	132,923	22,324

Notes:

(i) Advances to customers in margin financing are repayable on demand and carry interest at approximately Hong Kong Dollar Prime rate plus a spread. The credit facility limits for margin clients are determined by the discounted market value of the collateral securities accepted by the Group. The fair values of these listed securities as at 31 March 2020 were approximately HK$500,106,000 (2019: HK$2,955,000). Based on the agreement terms with margin clients, the Group is permitted to sell or repledge the securities in the securities account in the absence of default by the borrower.

No ageing analysis is disclosed as in the opinion of the directors, an ageing analysis does not give additional value to the users of this announcement in view of the nature of business of securities financing services.

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and the past collection history of each client. As at 31 March 2020 and 2019, the Group has a concentration of credit risk on accounts receivable arising from margin clients. As at 31 March 2020, the top five accounts receivable of the Group from margin clients constituted approximately 40.6% of total receivables from margin clients (2019: 86.4%).

The Group has no credit terms for its customers.

(ii) The settlement terms of accounts receivable from the clearing house arising from the ordinary course of business of securities dealing and brokerage services are two days after the trade date. The balance is neither past due nor impaired.

(iii) Accounts receivable from securities dealing and brokerage services from cash client represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the end of the reporting year. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these accounts receivable.

(iv) In respect of the accounts receivable arising from corporate advisory and other services, the ageing analysis based on invoice date (net of impairment loss) at the end of each reporting period is as follows:

	2020	2019
	HK$'000	*HK$'000*
Less than 30 days	**8,680**	12,198
31–90 days	**4,343**	4,475
91–365 days	**17,024**	3,579
Over 365 days	**2,288**	136
	32,335	20,388

Movements in the provision for impairment of accounts receivable are as follows:

	2020	2019
	HK$'000	*HK$'000*
Opening balance	**115**	22
Impairment losses recognised	**2,361**	93
Closing balance	**2,476**	115

11. ACCOUNTS PAYABLE

	2020	2019
	HK$'000	*HK$'000*
Accounts payable arising from the ordinary course of business of securities dealing and brokerage services		
— Cash clients	**13,748**	7,441
— Margin clients	**21,766**	12,543
Advances from margin financing *(note (iv))*	**8,282**	–
	43,796	19,984

Notes:

(i) The settlement terms of accounts payable attributable to dealing in securities are two days after the trade date.

(ii) No ageing analysis is disclosed as, in the opinion of the directors of the Group, an ageing analysis is not meaningful in view of the business nature of securities dealing and brokerage services.

(iii) As at 31 March 2020, included in accounts payable was an amount of approximately HK$22,624,000 (2019: HK$18,901,000) payable to clients in respect of segregated bank balances received and held for clients in the course of the conduct of regulated activities.

(iv) Advances from margin financing are secured by securities of the Group with amount of HK$23,926,000 which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

As at 31 March 2020, our Group had unutilised credit limit of approximately HK$25,368,000 (2019: nil) from margin financing facilities.

12. SUBSEQUENT EVENTS

Since the outbreak of the novel coronavirus (COVID-19) pandemic, the Group has paid close attention to the development of COVID-19 infection and evaluated its impact on the financial position and operating results of the Group. Pending development of COVID-19 pandemic, the Group's financial and operating performance may be affected, the extent to which cannot be estimated as at the date of this announcement. Save as disclosed above, there is no significant subsequent events after the year ended 31 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an active financial services provider in Hong Kong licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities and financing services; and (iii) asset management services through its main operating subsidiaries, namely Lego Corporate Finance Limited, Lego Securities Limited and Lego Asset Management Limited.

The shares of the Company (the "**Shares**", each a "**Share**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 September 2019 (the "**Listing**") by way of share offer with net proceeds of approximately HK$99.1 million. The net proceeds from the Listing strengthens the Group's financial position and enables the Group to pursue its business strategies to continue to grow and develop its businesses.

Following the Listing, the Group aims to utilise its established integrated financial service platform for providing a wide range of financial and securities services to its clients. The Group provides corporate finance advisory services including (i) acting as sponsor to companies seeking to list on the Main Board or GEM of the Stock Exchange; (ii) acting as financial adviser and independent financial adviser; and (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, securities financing services as well as asset management services to its clients.

Corporate finance advisory business remains as the key business driver and the Group intends to leverage on its ability to continually provide high quality corporate finance advisory services to its clients. During the year ended 31 March 2020 (the "**Fiscal Year**"), the corporate finance advisory services have contributed a majority of the revenue of the Group.

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Fiscal Year, the Group has completed 13 IPO underwriting projects, of which 4 of them were sponsored by the Group, and two transactions as underwriter and/or placing agent for secondary market fund raising exercise. The Group has also launched its self-managed funds during the Fiscal Year. As at 31 March 2020, the asset under management accounted to approximately US$5.2 million (equivalent to approximately HK$40.3 million).

REVIEW

Market Review

This is a remarkable yet challenging fiscal year for the Company. The successful Listing strengthens the Group's capital base and enhances its reputation in the market, which in turn increases the Group's competitiveness in securing corporate finance advisory mandates and underwriting and placing engagements and seizing opportunities for its securities financing business. The net proceeds from the Listing also provides sufficient financial resources for the Group to develop its business. In the same year, the Group has experienced volatile financial markets, resulting from a number of global events and local matter including increased friction from Sino-US trade dispute, political and economic uncertainties from the outcome of Brexit and social unrest in Hong Kong.

The world faced a new challenge in 2020. World Health Organisation has declared the outbreak of the novel coronavirus (COVID-19) as global pandemic on 11 March 2020. Global economy was forced to a standstill and economic activities in many nations declined abruptly since then. Hong Kong financial market and sentiment for investment is unavoidably impacted by the economic and social uncertainties.

Furthermore, the regulators have implemented more stringent assessment and closer scrutiny on suitability for listing and "shell activities", which may adversely affect the IPO sponsorship services and financial advisory services in relation to disposal of controlling interests in listed companies. Both the Stock Exchange and the Securities and Futures Commission (the "**SFC**") have published guidance letters and statement advocating the heightened review of listing applications and closer scrutiny on backdoor listing, in an effort to crackdown on "shell activities".

While the demand for corporate finance advisory and underwriting services in the industry and its business, which is dependable on the market conditions, was impacted by the uncertainties described above, the Group's project pipeline remains solid thanks to the Group's strong reputation for excellent and high performing team. The Group also maintains sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations.

Business Review

The Group continued to derive a majority of its revenue from its corporate finance advisory services during the Fiscal Year, which accounted for approximately 81.62% (2019: approximately 77.3%) of the Group's total revenue. The Group's other businesses, namely (i) securities and financing services; and (ii) asset management services, accounted for approximately 18.34% and 0.04% (2019: approximately 22.7% and nil) of its total revenue during the Fiscal Year, respectively.

Corporate Finance Advisory Services

The Group's corporate finance advisory services include (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services.

The Group's corporate finance advisory business recognised a drop in revenue of approximately 5.8%, from approximately HK$91.6 million for the year ended 31 March 2019 to approximately HK$86.3 million during the Fiscal Year.

During the Fiscal Year, the Group was engaged in a total of 188 corporate finance advisory projects, which included 26 IPO sponsorship projects, 139 financial and independent financial advisory projects and 23 compliance advisory projects, while we were engaged in a total of 152 corporate finance advisory projects, which included 26 IPO sponsorship projects, 104 financial and independent financial advisory projects and 22 compliance advisory projects during the year ended 31 March 2019.

(i) IPO sponsorship services

IPO sponsorship services remained as the Group's core driver for the Fiscal Year. During the Fiscal Year, the Group was engaged in 26 IPO sponsorship projects (2019: 26 projects) and has completed three Main Board IPO, one GEM IPO and three transfer from GEM to Main Board sponsorship engagements (2019: two, one and nil).

Revenue generated from IPO sponsorship services was approximately HK$37.8 million during the Fiscal Year (2019: approximately HK$38.5 million).

(ii) Financial and independent financial advisory services

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including, among others, the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC; or (ii) independent financial advisers to independent board committees and/or independent shareholders of listed companies in Hong Kong rendering recommendations and opinions.

Revenue generated from financial and independent financial advisory services was approximately HK$39.5 million during the Fiscal Year (2019: approximately HK$43.1 million). During the Fiscal Year, the Group was engaged in 77 financial advisory projects and 62 independent financial advisory projects (2019: 54 and 50), respectively.

(iii) Compliance advisory services

The Group acts as compliance advisers to listed companies in Hong Kong for advising them on post-listing compliance matters in return for advisory fee.

Revenue generated from compliance advisory services was approximately HK$8.9 million during the Fiscal Year (2019: approximately HK$10.0 million). During the Fiscal Year, the Group was engaged in 23 compliance advisory projects. (2019: 22).

Securities and Financing Services

The Group provides (i) placing and underwriting services by acting as global coordinator, bookrunner, lead manager or underwriter for listing applicants in IPOs and underwriter or placing agent for secondary market transactions, in return for placing and/or underwriting commission income; (ii) securities dealing and brokerage services for trading in securities on the Stock Exchange and in other overseas markets; and (iii) securities financing services to its clients by providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs.

During the Fiscal Year, the Group recorded revenue from placing and underwriting business of approximately HK$10.6 million (2019: HK$21.0 million) which was mainly due to decrease in average underwriting commissions generated from placing and underwriting projects during the Fiscal Year. The Group completed 13 transactions as underwriter for IPOs and two transactions as underwriter and/or placing agent for secondary market fund raising exercise (2019: 10 and nil, respectively).

The revenue generated from securities dealing and brokerage was approximately HK$6.7 million during the Fiscal Year (2019: HK$5.6 million) which was mainly due to increase in brokerage commission and transaction fee income generated from securities transactions during the Fiscal Year.

As at 31 March 2020, the total outstanding balance of margin loans amounted to approximately HK$96.7 million (31 March 2019: approximately HK$1.7 million) and its interest income generated from securities financing services was approximately HK$2.1 million during the Fiscal Year (2019: approximately HK$0.3 million).

Asset Management Services

The Group provides fund management services to its clients.

As at 31 March 2020, the asset under management by the Group was approximately US$5.2 million (equivalent to approximately HK$40.3 million) (31 March 2019: nil). The revenue generated from asset management services was approximately HK$39,000 during the Fiscal Year (2019: nil).

Financial Review

Revenue

The total revenue of the Group decreased from approximately HK$118.4 million for the year ended 31 March 2019 to approximately HK$105.7 million for the Fiscal Year, representing a decrease of approximately 10.8%, mainly as a result of decrease in revenue of the corporate finance advisory services and securities and underwriting services.

Administrative and Other Expenses

The Group's administrative and other expenses increased by approximately 85.0% from approximately HK$17.9 million for the year ended 31 March 2019 to approximately HK$33.2 million for the Fiscal Year, primarily due to recognition of listing expenses of approximately HK$8.0 million as a result of successful Listing on 30 September 2019, increase in legal and professional fees incurred of approximately HK$1.7 million and increase in transportation and entertainment expenses of approximately HK$2.3 million.

Staff Costs

Staff costs increased by approximately 17.2% from approximately HK$40.6 million for the year ended 31 March 2019 to approximately HK$47.6 million for the Fiscal Year, primarily due to increase in remuneration package of the staff and recognition of equity settled share-based payment expenses of approximately HK$5.0 million during the Fiscal Year.

Finance Costs

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK$0.9 million during the Fiscal Year (2019: nil).

Profit attributable to the owners of the Company

Profit for the Fiscal Year attributable to the owners of the Company dropped to approximately HK$14.2 million (2019: approximately HK$49.0 million), primarily due to decrease in revenue, recognition of listing expenses, increase in administrative and other expenses and expected credit loss on accounts receivable.

Adjusted profit and total comprehensive income under non-HKFRS measures

To supplement the consolidated financial results of the Group prepared in accordance with HKFRS, additional non-HKFRS financial measures (in terms of adjusted profit and total comprehensive income for the year) have been presented in this announcement. The Company's management believes that the non-HKFRS financial measures provide shareholders and investors with useful supplementary information to assess the performance of the Group's core operations by eliminating impacts of items that the management of the Group does not consider indicative of the Group's operating performance. However, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. Shareholders and investors should not view the adjusted results on a stand-alone basis or as a substitute for results under HKFRS. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other companies.

The following table sets forth the reconciliations of the Group's audited profit and total comprehensive income under HKFRS to the adjusted amount under non-HKFRS financial measures for the years ended 31 March 2020 and 2019:

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Non-HKFRS Measures		
Profit and total comprehensive income for the year	**14,150**	49,014
Add:		
Listing expenses	**8,011**	2,070
Equity settled share-based payment expenses	**4,992**	730
Net change in financial assets at fair value through profit or loss	**3,644**	–
Less:		
Share of results of consolidated investment fund attributable to other redeemable shareholders	**(576)**	–
Adjusted profit and total comprehensive income for the year	**30,221**	51,814

Adjusted profit and total comprehensive income (excluding the listing expenses, equity settled share-based payment expenses, net change in financial assets at fair value through profit or loss and net loss of consolidated investment fund attributable to other redeemable shareholders) for the Fiscal Year was approximately HK$30.2 million (2019: approximately HK$51.8 million), primarily due to decrease in revenue, increase in administrative and other expenses and expected credit loss on accounts receivable.

Liquidity, Financial Resources and Capital Structure

During the Fiscal Year, the Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations and capital.

As at 31 March 2020, the Group's net current assets amounted to approximately HK$165.2 million (31 March 2019: approximately HK$56.0 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.0 times (31 March 2019: approximately 2.2 times). Cash and bank balances amounted to approximately HK$127.9 million (31 March 2019: approximately HK$52.2 million). As at 31 March 2020, the Group has no bank loans but has short-term advances from margin financing by the fund under management of approximately HK$8.3 million (31 March 2019: nil). As at 31 March 2020, the Group's total debt incurred (including advances from margin financing and lease liabilities) were approximately HK$17.0 million (31 March 2019: nil), representing a gearing ratio of approximately 9.8% (31 March 2019: nil).

Gearing ratio is calculated based on total borrowings divided by the total equity as at the end of the Fiscal Year.

On 30 September 2019, the Shares were listed on the Main Board of the Stock Exchange by way of share offer of 72,000,000 Shares at a final offer price of HK$1.68 per Share with net proceeds of approximately HK$99.1 million. The Company believes that the funding from the share offer would further strengthen the Group's position in the financial service industry in Hong Kong and could facilitate the implementation of its business strategies to develop its business as an integrated and quality financial services provider.

Pledge of Assets

As at 31 March 2020, the Group did not have any pledged assets (31 March 2019: nil).

Foreign Currency Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is immaterial.

Capital Commitments and Contingent Liabilities

As at 31 March 2020, the Group did not have any significant capital commitment and contingent liabilities (31 March 2019: nil).

Employees and Remuneration Policies

As at 31 March 2020, the Group employed 46 staff (including executive Directors) (31 March 2019: 47). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and discretionary bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the Directors and employees of the Group.

Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. As disclosed in the prospectus of the Company dated 17 September 2019 (the "**Prospectus**"), the Company adopted the pre-IPO share option scheme on 6 March 2019 and a post-IPO share option scheme on 10 September 2019 to incentivise and retain staff members who have made contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the Fiscal Year, save for the reorganisation of the Group for the purpose of the Listing as disclosed in the Prospectus, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Significant investments held by the Group

As at 31 March 2020, the Group has invested US$3 million (equivalent to approximately HK$23.3 million) into Lego Vision Fund SP, a fund under management by the Group, as seed money. Lego Vision Fund SP focuses to invest in a portfolio consisting primarily of equities, bonds and other securities of companies in promising industries with excellent management, business model, products and sound financials for the long-term sustainable growth. The net asset value per share in respect of Lego Vision Fund SP was decreased from US$100 (equivalent to approximately HK$778.0) on 1 April 2019, being the launch date of Lego Vision Fund SP, to approximately US$95.99 (equivalent to approximately HK$748.7) on 31 March 2020, representing an overall negative return of approximately 4.0%.

As at 31 March 2020, the Group held 28,809.611 non-voting shares in Lego Vision Fund SP (which represented approximately 53.5% of total non-voting shares of Lego Vision Fund SP) with aggregate value of approximately US$2.8 million (equivalent to approximately HK$21.6 million), which represented 6.2% of the total assets of the Company. In view of the concerns on economic and political conditions, it is expected that the market will be, as in 2019, very volatile. However, the portfolio of Lego Vision Fund SP is built according to the mandate for steady absolute return under a controlled standard deviation and the fund manager believes that the performance of Lego Vision Fund SP can outperform in 2020. Accordingly, the Group intends to maintain its investment in Lego Vision Fund SP as a long-term investment.

Future Plans for Material Investments or Capital Assets

The Group did not have any plan for material investment and capital asset as at 31 March 2020.

Risk Management

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on its operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance level, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

Compliance with Laws and Regulations

During the Fiscal Year, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Environmental Policies and Performance

As a responsible corporation, the Group is committed to maintaining the environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The environmental, social and governance report of the Company prepared in accordance with Appendix 27 to the Listing Rules will be published within three months after the publication of the annual report for the Fiscal Year on the websites of the Company and the Stock Exchange.

Outlook and Prospect

Global and Asia economy faced significant uncertainties due to the global pandemic. Businesses around the world are also challenged by the new norm of conducting businesses, and ensuring the safety of its employees and customers. The Hong Kong financial market as a result remained volatile against the backdrop of such unprecedented events with global economy dipped into recession. In addition, the market continued to be sensitive to uncertainties, such as the Sino-US trade dispute, U.S. interest rate outlook, outcome of Brexit and recent social unrest in Hong Kong (the "**Uncertainties**").

Any adverse market condition or market sentiment may affect clients' decision on the scale, timing and platform in respect of their fund raising needs, which may lead to lower demand for, delay to or termination of fund raising activities and the Group's services.

With the Group's diversified business portfolio which creates synergies between its business lines and the Group's experiences to advise on broad spectrum of corporate transactions which covers not only fund raising activities, but also resumption, restructuring, mergers and acquisitions and other corporate actions, the Group remains capable to secure new mandates and maintain a healthy project pipeline. However, the Group's business and revenue may likely be adversely affected if the Uncertainties continue to dampen the outlook of the market.

The successful Listing strengthens the Group's capital base and enhances its reputation in the market, which in turn increases the Group's competitiveness in securing corporate finance advisory mandates and underwriting and placing engagements and seizing opportunities for its securities financing business. The Group expects to maintain sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations.

Looking ahead, the Group will continue to adhere to its strict and prudent risk management and compliance strategy. The Group will also capitalise on the advantages of being a fully licensed broker in Hong Kong to provide high-quality professional services on corporate finance advisory, securities and financing, and asset management for outstanding enterprises in Asia and around the world. The Group aims to create long-term return to its shareholders and investors and endeavor to establish the Group as a top comprehensive financial services institution in the region. The Group will also explore business opportunities with business synergies to the Group's existing business portfolio or those bringing attractive potential returns to the shareholders with an aim to diversify the revenue stream amid the current volatile global economic, political and health conditions.

USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on 30 September 2019. Net proceeds (after deducting the underwriting fees and estimated expenses payable by the Company) from the share offer amounted to approximately HK$99.1 million. Accordingly, the Group adjusted the use of proceeds in the same manner as stated in the Prospectus. The details of intended application of net proceeds from the share offer are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the share offer *(HK$ million)*	Utilised up to 31 March 2020 *(HK$ million)*	Unutilised as at 31 March 2020 *(HK$ million)*	Expected timeline of full utilisation of the unutilised proceeds
Increase capital base for underwriting business	56.8%	56.3	56.3	–	Fully utilised
Expand equity capital markets (ECM) team	4.1%	4.1	–	4.1	By the end of financial year ending 31 March 2022
Invest seed money for new fund under the asset management business	13.6%	13.5	11.7	1.8	By the end of financial year ending 31 March 2021
Increase capital base for the securities financing business	9.1%	9.0	9.0	–	Fully utilised
Expand corporate finance advisory team	6.4%	6.3	0.2	6.1	By the end of financial year ending 31 March 2022
Working capital and general corporate purposes	10.0%	9.9	9.9	–	Fully utilised
Total	100%	99.1	87.1	12.0	

The unutilised net proceeds are placed in licensed banks in Hong Kong as at 31 March 2020.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.049 per ordinary share for the year ended 31 March 2020. This proposed final dividend is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company (the "**AGM**") to be held on 10 August 2020, and will be paid on or around 1 September 2020 to those Shareholders whose names appear on the Company's register of members on 18 August 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 August 2020 to 10 August 2020, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on 4 August 2020.

The register of members of the Company will also be closed from 14 August 2020 to 18 August 2020, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend (if approved by the Shareholders in the AGM), during which period no share transfers will be registered. To qualify for the final dividend, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on 13 August 2020.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

As of 31 March 2020, the Company has complied with all applicable code provisions under the CG Code except for the following provision.

Under code provision A.2.1 of the CG Code, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Mui Ho Cheung Gary currently holds both positions. Mr. Mui, an executive Director and controlling Shareholder, has held key leadership position of the Group since March 2016 and has been responsible for overall strategic planning, management, operation and business development of the Group. The Directors (including the independent non-executive Directors) consider that Mr. Mui is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Group and the Shareholders as a whole.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, legal, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the period from the Listing Date and up to the year ended 31 March 2020, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely, Ms. Lim Yan Xin Reina (Chairlady), Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 March 2020.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.legogroup.hk. The annual report of the Company for the year ended 31 March 2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

By Order of the Board
LFG Investment Holdings Limited
Mui Ho Cheung Gary
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 24 June 2020

As at the date of this announcement, the executive Directors are Mr. Mui Ho Cheung Gary, Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley, Ms. Ho Sze Man Kristie and Mr. Tang Chun Fai Billy; and the independent non-executive Directors are Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki.